Contra Costa County Healthcare Task Force
Meeting Minutes
12/3/08

1. 11/19/08 Meeting Minutes

- Task Force to send questions and comments via email to the Benefits Department. Revisions will be incorporated prior to posting the minutes online.

2. Healthcare Concerns Grid

- At the last meeting, the Committee discussed the grid in detail in order to gain a clear understanding of each member's concerns. This grid will be used going forward as a reference document.

3. Recap of Option 7 - presented at 11/19 meeting

- Plan design Option 7 presented 3 HMOs and 3 HDHPs.
- Option 7 was revised to 3 HMOs and 1 HDHP (Option 8 which will be discussed today).

4. Option 8 Plan Design

- Four scenarios included in Option 8:
    - Option 8a: offers 3 Current HMOs and 1 HDHP with a $1,150 individual / $2,300 family deductible
    - Option 8b: offers 3 Current HMOs and 1 HDHP with a $2,000 individual / $4,000 family deductible
    - Option 8c: offers 3 Revised HMOs and 1 HDHP with a $1,150 individual / $2,300 family deductible
    - Option 8d: offers 3 Revised HMOs and 1 HDHP with a $2,000 individual / $4,000 family deductible
- Each of the four scenarios above include two sets of pricing:
    - The first pricing assumes the County freezes its contribution to each plan at the 2009 subsidized dollar level.
    - The second set of pricing assumes a flat credit model. In this model, each single employee receives $500 and each family receives $1,200 towards the cost of their medical premium.

5. Group Review of Option 8 – (Discussion/Comments between Task Force (TF), Benefits Department (CCC) and meeting Facilitator (F)):

- TF: Do the revised HMOs have increased copays in order to decrease the premium? Is this a one time change?
- F: Yes, the premiums are reduced only in the year of the change. We did not adjust the plan designs year over year. The first year of change offers a good discount which helps to lower the employee's costs for a few years.
- Review of Option 8a:
    - Assumes the same HMOs offered today are offered in 2010
    - One HDHP replaces the PPO plan
    - CCHP B is eliminated due to low enrollment and costs

    - Two sets of pricing – freeze vs. flat credit.
- F: Does the flat credit model make sense as opposed to the current subvention and freeze?
- TF: How were the credits of $500 and $1,200 determined?
- CCC: All the contributions for singles and families were added together and averaged out to $500 and $1,200, respectively.
- TF: Does this model preclude the offering of a third tier of contributions?
- F: Adding another tier is still a possibility.
- F: Some of the flat credit models show negative employee contributions. This could come in the form of cash back (which is taxable income to the employee) or specific to the HDHP, the Task Force could recommend that the County fund the employee's HSA with these dollars. The Task Force could also recommend a Cafeteria Plan in which the employee could use the additional money to help purchase dental or vision coverage.
- F: All of the four scenarios in Option 8 are not that different from each other. We are solving for 3 things:
    1. Current subvention and freeze vs. the flat credit model
    2. Current HMOs vs. Revised HMOs
    3. The offering of a HDHP? If so, at the $1,150 individual/$2,300 family deductible or the $2,000 individual/$4,000 family deductible?
- TF: We have discussed that having a fourth HMO plan will prevent the carriers from quoting, but it would encourage price competition.
- F: Disagrees due to the spreading of the population over too many plans and carriers creating low volume in each plan.
- TF: If we eliminate the HDHP, is that cost effective?
- F: The HDHP is more affordable than the current PPO offered. It's not for everyone, but some may like it.
- TF: Is the HDHP only being proposed to take care of the retirees who are out of the network?
- F: The HDHP can also be used among new hires that will not have subsidized retiree healthcare. Many new hires may also have had a HSA with their prior employer. It is also a great plan for employees who are low utilizers of healthcare.
- TF: Will not recommend a HDHP for anyone. This plan must be recommended with disclaimers and trainings so that the employees understand it.
- F: It usually takes a few years to get everyone to understand how the HDHP and HSA work. There will be early adopters of the plan and each year enrollment will increase once people begin to understand how it works. It will be the lower cost option versus the HMOs.
- TF: If a HDHP is recommended, we need to educate and train employees just like we do with stop smoking programs and with healthy living programs.
- TF: Would one carrier offer the HDHP with multiple deductibles?
- F: If the HDHP was a total replacement plan, but there is not enough volume to administer multiple deductibles. In our experience, employers only offer one deductible option with the HDHP, but it could be a part of the recommendation made to the Board.

- CCC: Multiple deductibles would be more common in a National plan. We can recommend it and ask the carriers to price the deductibles in various ways. If there is a significant savings, it can be built into the plan.
- F: The CCHP plans were assumed in Options 8c and 8d to change their plan design to closely match the other revised HMOs.
- TF: If comparing the potential risk of the CCHP plan vs. the HDHP plan, people will enroll in the CCHP plan if they are risk adverse.
- F: More enrollment in CCHP keeps the County thriving.
- TF: We need to educate employees on the HDHP and how it works.
- TF: Unrepresented employees were given the ability to self manage their 457 plan, has there been any blowback from that?
- TF: No, but they may have not vocalized that.
- TF: A philosophical argument believes in the flat credit model. If someone wants a more expensive plan then they will have to pay for it.
- TF: It is only fair to give the employee the money so they can make the choice themselves. It treats all employees the same.
- TF: The County Administrator's Office stated they aren't sure how this would be implemented.
- CCC: They are waiting for your recommendation first. If there is no recommendation or if it is not approved, the current subsidy will continue with the plans offered today.
- TF: If CCHP is eliminated, will the higher subvention go to another carrier?
- TF: That is all the more reason to recommend the flat credit model.
- TF: We need to make decisions to affect the most people in the most positive way, which is the County treating everyone the same.
- TF: Why isn't there a flat credit for all employees instead of one credit for singles and another for families? It is hypocritical to split the credit depending on family size and it becomes a weak argument when selling it as equitable.
- F: The families suffer with that model.
- CCC: It's a major step to move from 98% subvention to a flat credit in one leap. Maybe we can start with the split credit ($500 single/$1,200 family) and over time gradually close the gap with the goal of offering a single credit to all employees regardless of family size.

6. Salary data:

- Unrepresented (Hourly and Management Employees) Base Salary Bands:
    - 13% make less than $50,000
    - 58% make between $50,000 and $100,000
    - 26% make between $100,000 and $150,000
    - 3% make more than $150,000
- TF: Do we have data on what health plan was chosen by those who make less than $50,000 to determine the affordability of these plan changes?
- CCC: There are a lot of employees in the higher income bands who are in the CCHP plan due to other coverage under a spouse's plan. Reviewing enrollment and salaries won't tell us much.

7. Flat Credit vs. Current subvention and County Freeze at the 2009 Dollar Amount

- Group vote on recommending the flat credit model ($500 single credit/$1200 family credit) or the current subvention and County contribution freeze at the 2009 dollar amount:
    - Flat Credit – 8 votes
    - Current Subvention and County Freeze – 0 votes

8. Revised HMOs vs. Current HMOs

- F: If we keep the current plans, the employees pay for the plan through paycheck deductions regardless of whether or not services are used. With the revised HMOs, the employee's premium contributions are lower but you pay more when the services are used.
- TF: A $40 office visit copay or $100 emergency room copay is too high.
- F: The average member has 3 to 5 office visits per year. What would be the difference in the premiums between the two plans?
- TF: Carrier B is a savings of $200 per month for single coverage and $500 per month for family coverage with the Revised HMO.
- CCC: The Task Force can suggest that the recommended plans and funding be revisited every two years.
- Group vote on recommending the Current HMOs or the Revised HMOs:
    - Current HMOs – 0 votes
    - Revised HMOs – 8 votes

9. HDHP and Deductible Levels

- F: With the votes in favor of a flat model and Revised HMOs, we have narrowed down the plans to Options 8c or 8d, with the only variable being the deductible levels.
- TF: We need to look at the $3,000 individual / $6,000 family deductibles again.
- TF: The exposure is still $5,000 individual or $10,000 family under the Out-of-Pocket Maximum regardless of the deductible chosen.
- F: Only the deductible changes with these two plan designs. Once the deductible is hit, they both go into coinsurance and the plan will pay 70% until the Out-of-Pocket Max is hit. With the lower deductible, the employee enters the coinsurance phase faster.
- TF: An employee still needs to come up with $433 per month to cover the risk.
- F: That is worst case scenario.
- TF: There is a problem with recommending this due to the risk.
- TF: Maybe we're more aware of the risks after the mortgage crisis?
- TF: There will be a lot of communication needed to explain this plan.
- TF: Can we add a condition to the HDHP plan to mandate the employee to fund the HSA with the money saved in premiums?
- F: You can't force an employee to make HSA contributions but you can recommend that the County fund the HSA with the savings of the employer's portion of the premium cost versus the flat credit. This would fund the HSA for a couple of years.
- TF: The County will try to direct us into the HSA plan like they did the CCHP plan.

- F: The flat credit model solves that since the County will be paying the same to everyone, regardless of the plan enrolled.
- TF: Compared to the PPO plan at $800 per month per family, the HDHP plan is much more affordable.
- F: The HDHP plan is not for everyone. In the first year, we would expect 10% enrollment.
- TF: At other employers who have had these plans for a few years, has the enrollment dropped?
- F: Enrollment generally increases over the years after employees begin to understand the plans more. In some mature plans, close to half of the employee population is now enrolled in the HDHP. Enrollment is dependent on what the premium contributions are set at, the plan design and if the employer makes a contribution to the HSA.
- TF: If an employee switches to the HMO after one year in the HDHP, can the HSA fund still be used?
- F: Yes, it can be used for unreimbursed medical expenses. Or you can use if for other expenses and pay the 10% penalty.
- TF: There is no point to take the HDHP plan with the lower deductible due to the low savings differential.
- F: With a lower deductible, people aren't as careful with the use of their plan. The higher deductible does have lower premiums but it is not a dollar for dollar match.
- TF: We need to have more discussion on the HDHP and decide whether or not we are going to recommend it before deciding on the deductible level. At the next meeting it can be our first discussion item and we can then vote.
- F: An agenda for next week will be sent out so all members can try to be present. We will reach out to the four members missing today to recap today's discussion and outcomes.

10. Recommendation Report Preparation

- A subgroup will be formed to write the recommendation – 2 Task Force Members along with the Facilitator and Benefits Manager.
- Members can submit their input to the subgroup so it can be included in the report.
- The report will be drafted over the next two weeks.

Action Items:

CCC:

1. Explain healthcare options available to pre-65 and post-65 retirees at the next meeting.

Buck:

1. Set up discussions with the four absent members to recap today's outcomes.
2. Revise options 8c and 8d to include the $3,000 individual/$6,000 family deductibles.
3. Discuss HSA enrollment rules that prohibit coverage under another plan.

Contra Costa County Healthcare Task Force
Meeting Minutes – Addendum
12/3/08
Discussions with 4 Absent Task Force Members
Held on 12/5/08 via Conference Call

1. **Reviewed Option 8 plan designs and recapped 12/3/08 meeting outcomes.**

2. **Vote Results:**

- Flat Credit Model vs. Current Subvention and County Freeze at the 2009 Dollar Amount
    - Flat Credit – 3 votes
    - Current Subvention and County Freeze – 1 vote
    - One member is concerned that too many people will leave the CCHP plan under a flat credit model, resulting in lower revenue for CCHP and decreasing the ability to provide services to indigent populations.
- Current HMOs vs. Revised HMOs
    - Current HMOs – 0 votes
    - Revised HMOs – 4 votes